

## MOLDOVA

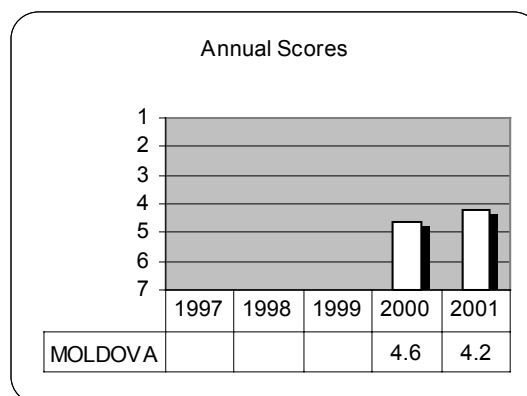
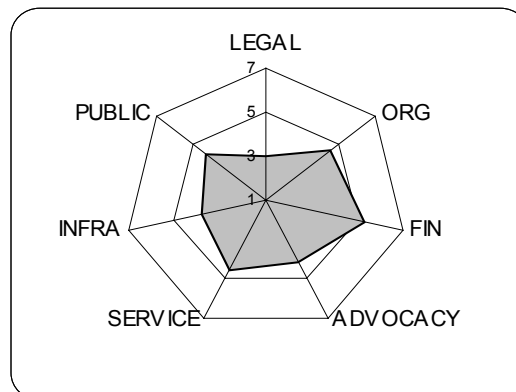
Capital: Chisinau	Foreign Direct Investment: \$100,000,000
GDP per capita (PPP): \$2,500 (2000 est.)	Inflation: 32% (2000 est.)
Population: 4,431,570 (July 2001 est.)	Unemployment: 1.9% (November 2000) (includes only officially registered unemployed)

### OVERALL RATING: 4.2

The Republic of Moldova is one of the poorest countries in Europe with 53% of population living on less than one dollar per day. The World Bank Annual Development Report for 2000-2001 ranks Moldova 167th out of 206 countries in the world, based on GDP figures. The economic crisis in Moldova is one factor in the return of the Communist Party to power in the 2001 elections.

Approximately 2,500 NGOs are registered at the Ministry of Justice (national – 65%, local - 35%), though only 20% of these organizations can be considered to be active, either permanently or periodically.

Most NGOs are located in the capital, Chisinau, and most national organizations concentrate their activities within the Chisinau municipality. Growing centers of NGO activity exist. However, in Balti (North), Soroca (North - East), Comrat (South - East), Cahul (South) and Tiraspol (East).



### LEGAL ENVIRONMENT: 3.0

NGO activity in Moldova is regulated by the Law on Public Associations (1996), The Law on Foundations (1999), The Law on Sponsorship and Philanthropy (1995), and the Civil Code. In 2000-2001, a Bill on Non-profit Organizations was drafted, but to date has not been debated in the Parliament.

The legal framework allows for the timely registration of initiative groups. At

the national level, this procedure takes approximately one month. At the local level the process may take as long as three months, because local councils, as the authorized bodies to register local NGOs hold their meetings every three months. The costs incurred in registering an NGO total 640 MDL (\$50), and can be very steep relative to the local economy. An average salary, as of July 2001, was \$41.07 a month.

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Financial reporting requirements are confusing and generally unfavorable to NGOs. NGO accounting standards are currently under development. State legislation adequately protects NGO activity, and there have been no reported cases of NGOs being liquidated by state authorities on political or arbitrary grounds. There are currently no attorneys trained and proficient in NGO legislation in the Republic of Moldova.

However, the CONTACT network of resource centers provides legal assistance to NGOs.

The legal framework permits financial contributions to public benefit organizations and provides for tax deductions, as long as the donation does not represent more than 7% of revenues in the given year. Public associations are exempt from income tax.

### **ORGANIZATIONAL CAPACITY: 4.5**

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Leading NGOs are aware of the need to involve citizens in their activities and programs. Most NGOs do not have a clear mission statement or a formal strategic plan. In theory all registered NGOs have a management structure as stipulated by law, but in practice these structures do not generally support a clear division of responsibilities between the Board and staff. Boards are generally only a formality. The principles of transparency and the clear division of responsibilities between Board and staff

are observed only in the most well developed organizations. Some NGOs are able to employ paid staff, and the presence of volunteers in these organizations is becoming an increasingly common practice. Those NGOs with substantial financial support from international foundations are able to maintain offices with modern equipment. Most NGOs, however, lack basic office equipment, and therefore, the network of NGO resource centers is crucial for their operations.

### **FINANCIAL VIABILITY: 5.3**

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While there are limited examples of local contributions to community organizations, a large number of NGOs would be unable to operate without the assistance of international donors. NGO funding sources are not sufficiently diversified, with the largest share of financial assistance coming from international donor organizations. Few NGOs have sophisticated financial management systems. Periodically large NGOs undergo auditing procedures, but most NGOs do not use the services of auditing firms. Nor do most NGOs publish their annual activity and financial reports, because most organizations do not have the

necessary funds to conduct an audit, and there is no culture of financial transparency.

There are very few examples of Moldovan NGOs that are able to recover even a small portion of the cost of their services by charging fees. Most services are provided free of charge, because few clients are able to afford the cost of fees. Some organizations collect small membership fees, but they rarely represent anything more than token revenue, because so few members can afford to pay. The legal framework does not allow NGOs to compete as equal participants in competition for state contracts.

### ADVOCACY: 4.2

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Cooperation between NGOs and the central and local public administration authorities continues to improve. NGOs, however, find that it is much easier to establish partnerships at the local level, rather than with the national government. One example of a coalition established for the purpose of policy advocacy was started by the Organization of Mayors in response to a proposal of the parliamentary Communist faction to proceed with the new administrative-territorial reforms. These reforms reverted to the old raion system (the for-

mer Soviet administrative-territorial division). While the old raion system was re-instituted, the coalition helped local mayors and other parties to open the issue for active public debate.

The Regional Forum campaign is another example of important partnership building between NGOs and local government. During this campaign, NGOs worked closely with their local administrations to propose improvements in the conditions of NGO activity.

### SERVICE PROVISION: 4.5

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Moldovan NGOs provide services in the following areas: health care, education, psychological assistance, family planning, assistance to victims of family violence, agricultural and small business development support. In most cases, these services are only available to residents of cities and regional administrative centers.

The goods and services offered by NGOs usually reflect the needs of the community, however, they do not cover the breadth nor scope of services the community currently needs.

Active NGOs regularly publish reviews, informational bulletins, and electronic bulletins. Seminars and training sessions are well attended, not only by NGO members, but also by state officials, business people, teachers, etc.

There are few, if any, indigenous NGOs in Moldova that are capable of surviving solely on the revenues generated by the services that they provide. In the case of large organizations, the income that they are able to earn from service fees varies, but generally constitutes no more than between 5%-10% of total budget.

As a result of decentralization, a large share of the responsibility to provide social services has shifted from villages to the jurisdiction of local mayors. NGOs are often seen as an alternative means of providing necessary services. However, in virtually all cases, social service provision is underwritten by grants from international donor organizations.

### INFRASTRUCTURE: 3.8

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A number of organizations provide technical assistance, information, consulting, training services and financial support to nongovernmental organizations and initiative groups in Moldova. These include

the network of CONTACT centers, CreDO, the Centre for Participatory Democracy, the Centre for Non-Commercial Law, the National "S.I.P.F." Centre, as well as regional Environ

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mental Centers. Qualified, well-trained personnel provide these services.

Revenues earned from NGO services are minimal, and most training and support NGOs are not able to cover their expenses from the fees that they are able to charge. Since summer 2000, several local projects have been supported by local Intermediary Support Organizations (ISOs) through the re-granting of international donor funds. These ISOs include CONTACT Centre, SIEDO, the "Pilgrim" Youth Centre, C.I.A.D.C., and REC- Moldova. Several NGO publications emerged following publication of the second edition of the "NGO Forum of Moldova". In addition, the Forum Council for Coordination has been established to maintain a perma-

nent information flow among NGOs. NGO coalition efforts at a local level are now being coordinated through regional forums. Information flow and the exchange of knowledge and experience among Moldovan NGOs are facilitated by umbrella organizations covering a wide array of fields, including women's and youth issues.

Currently there is a network of trainers from the NGOs resource centers. During training sessions, trainers use materials developed by the network, as well as materials translated and adapted to Moldova's conditions. Romanian and Russian language handbooks and practical guides have been published for use in training.

### **PUBLIC IMAGE: 4.3**

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NGOs have begun to receive positive coverage in local mass media. The majority of the public has a generally moderate opinion of NGOs, though they are often confuse NGOs with political parties, religious organizations, and businesses.

State authorities and the private sector are beginning to view NGOs as a resource for their experience and their information networks. Local public administrators are increasingly interested in the resources that NGOs are able to contribute to solving community problems, but don't generally consider NGOs as full partners.

NGOs are seldom able to attract broad coverage of their activities. NGOs do not fully appreciate the importance of public relations and rarely employ public relations specialists. They do, however, often publish booklets, leaflets and posters, and are also opening web-sites to spread information about their work and about the sector.

The Second NGO Forum of Moldova (1999) discussed the need for a NGO code of ethics. The NGO Council has developed a draft Code of Ethics, but to date it has not yet been distributed for public review and discussion.